



PSC NEWS

Missouri Public Service Commission

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PSC REJECTS AGREEMENT REACHED IN MANUFACTURED HOUSING COMPLAINT CASE INVOLVING COACHMAN HOMES OF EUREKA, INC.

Jefferson City (July 16, 2004)---The Missouri Public Service Commission has rejected an agreement reached between the PSC Staff and Coachman Homes of Eureka, Inc. (Coachman) because the agreement failed to provide for restitution to the alleged victim. In addition, the agreement failed to identify a sufficient method of contacting other homeowners who have been or may be affected by the alleged violations.

The proposed agreement provided for penalties for alleged violation of Commission rules. It also provided for inspection of a sample of homes set up by the contractor used by Coachman. The Commission expressed concern about the notification of customers with homes set up by this particular contractor.

The proposed agreement did not provide for restitution to the alleged victim. At a hearing held by the Commission on June 9, 2004, Coachman indicated that no effort had been made to contact its insurance carrier or the setup contractor's insurance carrier to determine if those carriers were liable for part of the home's damages.

The Commission's order states that "if this home has been improperly set up, it would be in the public interest to alert other homeowners for whom this setup contractor was used of a potential problem so that they may request inspection of their homes."

Reviewing the case, it was unclear to the Commission how many homes the particular contractor had set up and whether the lesser of 25 homes or 10 percent is actually a representative sample that will ensure that other homes were set up in the proper manner. "While the Commission appreciates the deterrent effect of the penalties provided for future or past violations by this company, without knowing the number of homeowners potentially affected, the Commission cannot find that the agreement is structured in a manner consistent with the public interest."

Background: The Manufactured Housing and Modular Units Program (PSC Staff) filed a complaint on December 29, 2003, alleging Coachman Homes of Eureka, Inc. violated Commission rules by failing to properly anchor a manufactured home. According to the complaint, the home was later destroyed in a storm because of that failure.

Based upon negotiations, an agreement was reached between the PSC Staff and Coachman. The agreement, submitted to the Commission on May 18, 2004, required:

- * the payment of certain penalties;
- * further inspection and correction, if needed, of the anchoring of homes;
- * the discontinued use of a subcontractor for Coachman Homes of Eureka, Inc.;
- * provision for future penalties in exchange for dismissal of the complaint; and
- * no action being taken against the dealer's license.

Since the Commission has rejected the agreement, the case will be set for hearing.

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